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**14TH JUDICIAL DISTRICT COURT CHILD SUPPORT
ENFORCEMENT FUND
COMPONENT UNIT FINANCIAL REPORT
DECEMBER 31, 2004 AND 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7-13-05

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND

LAKE CHARLES, LOUISIANA

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Carl W. Comeaux, CPA
Gus W. Schram, III, CPA, CVA
Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFPTM
Billy D. Fisher, CPA
Joe G. Peshoff, II, CPA, CVA



Charles P. Quirk, CPA, Inactive
Otray J. Woods, Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired
Barbara Hutson Gonzales, CPA, Retired
Judson J. McCann, Jr., CPA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

Honorable Judge Lilynn Cutrer
14th Judicial District Court
Child Support Enforcement Fund
Lake Charles, Louisiana

We have audited the accompanying component unit financial statements of the 14th Judicial District Court Child Support Enforcement Fund, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Fund's Board. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2003 were audited by other auditors, whose report dated June 14, 2004 expressed an unqualified opinion thereon.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the 14th Judicial District Court Child Support Enforcement Fund as of December 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 6 through 10 and 22 through 24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However we did not audit the information and express no opinion on them.

The supplemental budget information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements or the required supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The supplemental budget information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements or the required supplementary information. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2005 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Mc Elroy, Quirk & Burch
Lake Charles, Louisiana
June 15, 2005

14th JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of this section is to offer management's discussion and analysis of the 14th Judicial District - Child Support Fund (hereinafter referred to as the "14th JDC-CS Fund" or simply as the Fund) financial performance and activities during the year ending December 31, 2004. Please consider this in conjunction with the financial report attached.

Overview of the Fund

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and supplementary information.

The financial statements provide both long-term and short-term information about the 14th JDC-CS Fund's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The 14th JDC-CS Fund's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the CS Fund are included in the Statements of Net Assets.

Statements of Net Assets reports the CS Fund's net assets. Net assets, the difference between the Fund's assets and liabilities, are one way to measure the Fund's financial health or position.

Financial Highlights

For the year ended December 31, 2004 and December 31, 2003, net assets changed as follows:

ASSETS	<u>2004</u>	<u>2003</u>
Current and non-current assets	\$ 968,722	\$ 916,770
Capital assets	<u>-</u>	<u>3,605</u>
Total assets	968,722	920,375
LIABILITIES		
Current liabilities	<u>5,953</u>	<u>9,965</u>
Net Assets	<u>\$ 962,769</u>	<u>\$ 910,410</u>

This reflects a 5.75% increase in net assets for the year. The increase in net assets for 2004 is attributed to a modest increase in cash balances, increased receivables stemming in part from delayed grant receipts during the year end's legislative changes, and the expiration of capital leases.

Governmental Activities

This section shows a condensed comparison of revenues and expenses and explains significant differences. Note that the format of this statement lists expenses first, then revenues which is the reverse of the usual income statement. The \$16,320 reduced change compared to the previous year is caused by a higher increase in expenses than in revenues.

	<u>Functions/Programs</u>		<u>Total</u>		<u>Change</u>
	<u>Collections</u>	<u>Programs</u>	<u>2004</u>	<u>2003</u>	
Activity expenses	\$ 294,484	\$ 133,632	\$ 428,116	\$ 370,567	\$ 57,549
Program revenues	370,133	103,648	473,781	432,794	40,987
General revenue			<u>6,694</u>	<u>6,452</u>	<u>242</u>
Total revenue			<u>480,475</u>	<u>439,246</u>	<u>41,229</u>
Change in net assets			<u>\$ 52,359</u>	<u>\$ 68,679</u>	<u>\$ (16,320)</u>

The 14th JDC-CS Fund was created in 1991 pursuant to LSA R.S. 46:236.5 which implements an expedited process for the establishment, modification and enforcement of support obligations by allowing the Courts to employ "Hearing Officers" and other personnel to implement this procedure. In all non-Title IV-D (Social Security Act) cases where support obligations were made executory after July 1, 1991, and in all

Title IV-D (Social Security Act) cases of ongoing support as well as existing arrearages and future arrearages, the court may assess a fee of up to 5% to fund this expedited process. Since 1991, this 5% fee has been the main source of income for the 14th JDC-CS Fund and has completely financed efforts of the Hearing Officer and support personnel, equipment, office expenses, etc. of the expedited program.

Since 1991, the Fund has seen a steady increase in revenue from year to year as well as an increase in cases being handled through this expedited system. However, federal legislation in the past several years has resulted in the Support Enforcement Services in Louisiana requiring a "Payor Designation Form" in all cases, to allow the "State" to post and collect this fee on behalf of the Judicial Districts with the "Hearing Officer Programs" in place so that this source of revenue for the courts may continue. This resulted in the difficult task of the courts locating all prior payors in order to have them voluntarily execute the required Form. Almost all courts involved in this effort have suffered an approximate 30% decrease in revenue since May 2003 which was the date the State Support Enforcement Services discontinued forwarding the Courts' 5% administrative fee absent the required and filed "Payor Designation Form".

Additional revenues sources of the Fund associated with various programs are presented below:

Crime Victims Assistance Grant

In September of 2002, the Family & Juvenile Court applied for and was approved for a grant from the La. Commission on Law Enforcement. This grant provided for the hiring of a "Domestic Abuse Specialist" to assist victims of domestic abuse in obtaining restraining orders and/or protective orders and other relief allowed by Louisiana law. The grant provided for funds of \$24,143 with a match from the court of 20% amounting to \$6,036, for a total of \$30,179 over its fiscal year. These funds provide almost exclusively for the cost of salary and benefits of the Domestic Abuse Specialist, with a very small allotment for office supplies and dues and subscriptions. The Specialist was not hired until February 2003 and therefore the grant amount was adjusted to \$22,147. In 2004, the Court received \$6,036 for the fourth quarter of 2003. \$18,091 was received for 2004's first 3 quarters' billings. A payment of \$6,036 for the grant's fourth quarter billings was received in 2005. This completed the grant fiscal year ending January 31, 2005.

Teen Court Grant

The Court began a "Teen Court" in 2001, which is a diversion program for first time offenders. The program trains teens to participate as defendants, prosecutors, jurors and defense counsel in cases involving misdemeanor crimes. The Teen Court is funded in part by the Family & Juvenile Court, Office of Juvenile Justice Services through the Calcasieu Parish Police Jury, and in part from grant funds received from the Louisiana Bar Association through IOLTA (Interest on Lawyer's Trust Account).

In 2004, the Court received from Office of Juvenile Justice Services (hereinafter referred to as "OJJS") and the Calcasieu Parish Police Jury (hereinafter referred to as "CPPJ") the amount of \$16,400 for payment towards the salary of the Teen Court Coordinator and expenses for supplies, postage, training, etc. The Court further received the amount of \$5,392 from the IOLTA fund which was applied directly to the salary and benefits of the Teen Court Coordinator. The Family & Juvenile Court paid all other amounts for the salary and benefits of the Teen Court Coordinator totaling \$23,132. It is expected that the monies received from OJJS/CPPJ and from IOLTA will not fluctuate for the fiscal year 2005, although the salary and/or benefits of the Teen Court Coordinator may be adjusted and those expenses will be paid by the Family & Juvenile Court. The Court further expects that the amount of \$16,400 granted by OJJS/CPPJ will not fluctuate for the fiscal year 2005.

Access & Visitation Grant

In 2003 the Court instituted a program in partnership with the State of Louisiana, Department of Social Services (hereinafter referred to as "DSS"), Office of Family Support, to assist non-custodial parents with gaining access and visitation with their minor children. The Court applied for and was approved for funding of the program in the form of a grant in the amount of \$80,179 for the effective date of 10/1/03 with a termination date of 9/30/04. (Funding for the application of the same grant expenses and amount were granted for the period of 10/1/04 through 9/30/05.) Of this amount, salary and benefits for the Case Manager will be paid at a rate of \$36,429. The remaining grant funds will be allocated to pay for various services such as mediation, supervised visitation, legal fees and other expenses in conjunction with these services pursuant to the grant contract. The grant operates on a reimbursement basis wherein the Court pays the expenses incurred by the program on a monthly basis, and is reimbursed by the State after submission of monthly reimbursement requests.

Budgetary Highlights

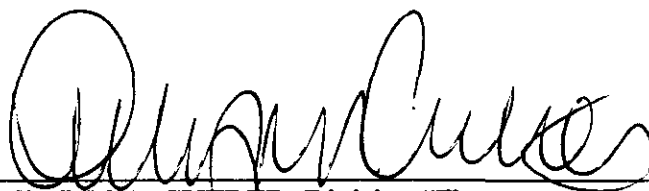
The budget is prepared on a cash basis. The final budget reflected an increase in revenues of \$40,200 (9%) and a reduction in expenditures of \$19,700 (4%) of the original budget. The budgeted revenue increase was related to collections in excess of anticipated amounts; the reduction in expenditures reflects some timing differences and management's continuing efforts to minimize expenditures.

Actual revenues were less than budgeted by \$24,985 (5.29%); actual expenditures were less than the budgeted by \$23,508 or 5.39%. The unfavorable revenue variance was caused by delayed grant reimbursements associated with year end legislative changes. The expenditure variance was favorable.

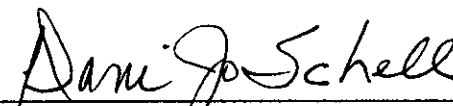
The budget adopted for 2005 again uses a conservative collections figure but increased expenditures, particularly for non-refunded travel and salary/benefit expenses. Expenditures are expected to exceed revenues by \$6,532.

Contacting the Fund's Financial Management

This financial report is designed to provide citizens and taxpayers with a general overview of this 14th Judicial District Court-Child Support Fund finances, revenues and expenditures. If you have any further questions about the report, or need additional information, contact the Family & Juvenile Court, 14th Judicial District at Post Office Box 1150, Lake Charles, Louisiana 70602. (337)437-3363.



LILYNN A. CUTRER, Division "I"
Family & Juvenile Court



DANI JO SCHELL, Office Administrator
Family & Juvenile Court

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
December 31, 2004 and 2003

ASSETS	<u>2004</u>	<u>2003</u>
Current assets:		
Cash and cash equivalents	\$ 898,881	\$ 714,431
Interest receivable	4,245	3,227
Miscellaneous receivable	2,000	-
Due from governmental units	<u>63,596</u>	<u>50,926</u>
Total current assets	<u>968,722</u>	<u>768,584</u>
Noncurrent assets:		
Investments	-	148,186
Capital assets, net	<u>-</u>	<u>3,605</u>
Total noncurrent assets	<u>-</u>	<u>151,791</u>
Total assets	<u>968,722</u>	<u>920,375</u>
 LIABILITIES		
Current liabilities		
Accounts payable	5,953	8,030
Capital lease payable	<u>-</u>	<u>1,935</u>
Total liabilities	<u>5,953</u>	<u>9,965</u>
 NET ASSETS		
Invested in capital assets, net of related debt	-	1,670
Unrestricted	<u>962,769</u>	<u>908,740</u>
Total net assets	<u>\$ 962,769</u>	<u>\$ 910,410</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES
December 31, 2004 and 2003

	Functions/Programs			Total	
	Charges for Expenses	Operating for Services	Operating Grants and Contributions	2004 Net Revenue (Expense)	2003 Net Revenue (Expense)
Governmental activities:					
Collections	\$ 294,484	\$ 370,133	\$ -	\$ 75,649	\$ 80,027
Teen Court Program 2004	45,724	-	21,792	(23,932)	(23,132)
Teen Court Program 2003	-	-	-	-	10,869
Domestic Violence Program	30,179	-	24,127	(6,052)	(5,537)
Access and Visitation Program	57,729	-	57,729	-	-
Total governmental activities	<u>\$ 428,116</u>	<u>\$ 370,133</u>	<u>\$ 103,648</u>	45,665	62,227
General revenues:					
Interest				<u>6,694</u>	<u>6,452</u>
Change in net assets				52,359	68,679
Net assets - beginning				<u>910,410</u>	<u>841,731</u>
Net assets - ending				<u>\$ 962,769</u>	<u>\$ 910,410</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

BALANCE SHEET - GENERAL FUND
December 31, 2004 and 2003

ASSETS	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 898,881	\$ 714,431
Investments	-	148,186
Interest receivable	4,245	3,227
Due from governmental units	<u>61,147</u>	<u>50,926</u>
Total assets	<u>\$ 964,273</u>	<u>\$ 916,770</u>
LIABILITIES		
Accounts payable	\$ 2,541	\$ 8,030
FUND BALANCE		
Unreserved fund balance	<u>961,732</u>	<u>908,740</u>
Total liabilities and fund balance	<u>\$ 964,273</u>	<u>\$ 916,770</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Collection fees	\$ 367,686	\$ 366,144
Grant revenues	103,647	66,650
Interest income	<u>6,693</u>	<u>6,452</u>
Total revenues	<u>478,026</u>	<u>439,246</u>
Expenditures:		
Current operations:		
Collections	289,224	282,897
Teen Court Program 2004	45,724	44,924
Teen Court Program 2003	-	2,806
Domestic Violence Program	30,179	27,684
Access and Visitation Program	57,856	9,036
Debt service	<u>2,051</u>	<u>5,347</u>
Total expenditures	<u>425,034</u>	<u>372,694</u>
Excess of revenue over expenditures	52,992	66,552
Fund balance - beginning	<u>908,740</u>	<u>842,188</u>
Fund balance - ending	<u>\$ 961,732</u>	<u>\$ 916,770</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARALES, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Total governmental fund balances	\$ 961,732	\$ 908,740
Amounts reported for governmental activities in the statement of net assets are different because:		
Some revenues were collected more than sixty days after year end and therefore, are not available soon enough to pay for current period expenditures	4,449	-
Some payables do not meet the criteria for reporting under the modified accrual basis of accounting and are not reported in the fund level statements	(3,412)	-
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund	-	3,605
Long-term debt on capital leases	<u>-</u>	<u>(1,935)</u>
Net assets of governmental activities	<u>\$ 962,769</u>	<u>\$ 910,410</u>

The accompanying notes are an integral part of this statement.

FOURTEENTH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Net change in fund balances - total governmental funds	\$ 52,992	\$ 66,552
Amounts reported for governmental activities in the statement of activities are different because:		
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	1,935	4,881
Because some revenues will not be collected for several months after year end, they are not considered "available" revenues in the governmental funds	2,449	-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(1,412)	-
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(3,605)</u>	<u>(2,754)</u>
Change in net assets of governmental activities	<u>\$ 52,359</u>	<u>\$ 68,679</u>

The accompanying notes are an integral part of this statement.

14TH JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

1. Summary of Significant Accounting Policies

A. Reporting Entity

The 14th Judicial District Court Child Support Enforcement Fund was created by Louisiana Revised Statute 46:236.5. This fund was established as an expedited process for the establishment or enforcement of child support obligations. According to the authorizing statute, any court with jurisdiction to establish paternity or to establish or enforce support obligations may implement the above expedited process. This fund was established in 1991.

This fund is a function of the Calcasieu Parish District Court System, which is a component unit of the Calcasieu Parish Police Jury, and as such, this fund is also a component unit of the Calcasieu Parish Police Jury. This report includes all of the funds relating to the Child Support Enforcement Fund itself as of December 31, 2004 but not the District Court or the Calcasieu Parish Police Jury.

B. Basis of Presentation

The Fund has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*.

Government-wide financial statements - The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity.

Fund financial statements - The financial transactions of the Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

C. FUND ACCOUNTING

Funds are used to report the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The Fund of the 14th Judicial District Court Child Support Enforcement Fund is classified as a governmental fund type (general fund).

The governmental fund (general fund) is the primary operating fund. It accounts for the collection of authorized child support payments. The child support payments are collected by the State and then distributed to the 14th Judicial District Court Child Support Fund. As disclosed in Note 7, the Fund also receives a percentage of the collections from Beauregard Parish.

Grants received by the Fund are characterized by administrative and/or direct financial involvement. As such, they are accounted for in the general fund.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement focus - The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized

when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be sued to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

E. Assets, Liabilities and Net Assets, Equity or Net Fund Balances

Cash, Cash Equivalents, and Investments - "Cash and Cash Equivalents" includes all demand deposits, savings accounts and certificates of deposit maturing within one year. Certificates maturing beyond one year are considered investments.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are included in the fund financial statements if they are both measurable and available.

Capital assets - In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Computer equipment, including software	5 - 10 years
Furniture, office equipment	5 - 10 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Child Support Enforcement Fund and do not reflect assets of the court obtained from other sources. The Fund has no infrastructure assets.

Fund Balances and Net Assets - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Net assets are segregated into three categories on the government-wide statement of net assets: 1) investment in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed

designations of resources are not presented as restricted net assets. The Fund first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. It may defer the use of restricted assets based on a review of the specific transaction.

Program Revenues - Program revenues include amounts for administering expedited support payments as well as the various operational and capital grants. Management's policy is to allocate indirect expenses to the programs in the statement of activities based on the relative amount of time spent administering each program. Indirect expenses associated with administration of the grant programs in 2004 and 2003 were negligible and not allocated.

- F. Budgets and Budgetary Accounting - Annually, the Fund adopts a revenue and expenditure budget for the general fund. A forecast of revenues and expenditures is made based upon the prior year's expenditures, taking into consideration additional expenditures which can be predetermined and estimated. Amendment to the budget is required when actual receipts for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures for the year exceeded budgeted expenditures by five percent or more.

The budget is adopted on the cash basis method of accounting. Budgetary comparisons presented in this report are on this non-GAAP budgetary basis. Budget amounts are as originally adopted, adjusted for subsequent amendments.

Encumbrance accounting is not used.

- G. Retirement/Vacation Benefits - The various court employees' salaries are paid by the Calcasieu Parish Police Jury and their retirement and vacation benefits are established and provided by the Police Jury since these individuals are employees of the Police Jury. The Child Support Fund does reimburse the Police Jury for the salaries and benefits of individuals specifically working with this fund's activities. The Fund does not provide any direct benefits in the form of retirement or vacation.
- H. Deferred Expenditures/Reserved Fund Balance - The Fund reimburses the Calcasieu Parish Police Jury for the salary and related benefits of individuals who specifically work on the activities associated with the expedited child support enforcement. In late December, the Fund sometimes pays salary and related benefits for portions of the following year. As of December 31, 2004 and 2003, the Fund had not pre-paid any portion of the 2005 and 2004 salaries; thus, no deferred expenditure or reserved fund balance was recorded.

I. Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Cash and cash equivalents includes all demand deposits, savings, deposits, and certificates of deposit maturing within one year. The Fund's Cash & Cash Equivalent balance at December 31, 2004 consists of cash in the amount of \$608,557 and two certificates of deposit in the amounts of \$151,373 and \$138,951 maturing February 21, 2005 and June 30, 2005, respectively.

Governmental Accounting Standards Board Statement 3 (GASB-3) concludes that deposits with financial institutions should be evaluated for risk and classified in one of the three following categories:

Category 1 - Insured or collateralized with securities held by the governmental entity or by its agent in the name of the entity.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name.

Category 3 - Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name).

The deposit information for the 14th Judicial District - Child Support Enforcement Fund at December 31, 2004 is as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents:		
Category 1	\$ 300,000	\$ 300,000
Category 2	<u>598,994</u>	<u>598,881</u>
Total	<u>\$ 898,994</u>	<u>\$ 898,881</u>

The Fund's Cash & Cash Equivalent balance at December 31, 2003 consisted of cash in the amount of \$ 576,350 and a certificate of deposit maturing June 3, 2004 in the amount of \$ 138,081.

For December 31, 2003, the deposit information was as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents:		
Category 1	\$ 200,000	\$ 200,000
Category 2	<u>515,732</u>	<u>514,431</u>
Total	<u>\$ 715,732</u>	<u>\$ 714,431</u>
Investments:		
Category 1	\$ 100,000	\$ 100,000
Category 2	<u>48,186</u>	<u>48,186</u>
Total	<u>\$ 148,186</u>	<u>\$ 148,186</u>

3. Receivables

The Fund participates in several federal, state, and local programs from which it received grants to partially or fully finance certain activities. Amounts due from federal and state governments for collections activities and grants are reflected as amounts due from governmental units on the financial statements. Receivables as of year end are not believed to have a credit risk exposure and consist of amounts due from governmental units, reimbursements receivable and interest receivable as follows:

	<u>2004</u>	<u>2003</u>
Federal grants receivable:		
Domestic Violence Grant - CFDA #16.575	\$ 6,036	\$ 6,036
Access and Visitation Grant - CFDA #93.56	14,870	9,036
Collections receivable	33,691	32,272
Beauregard's share of Hearing Officer salary	<u>9,000</u>	<u>-</u>
Due from governmental units	63,597	47,344
Miscellaneous receivable	2,000	3,581
Interest receivable	<u>4,245</u>	<u>3,227</u>
Total receivable	<u>\$ 69,842</u>	<u>\$ 54,152</u>

4. Capital Assets

Capital asset activity for the years ended December 31, 2004 and 2003 is as follows:

	<u>Balance 1/1/04</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/04</u>
Computers, furniture and equipment	\$ 66,814	\$ -	\$ (14,067)	\$ 52,747
Accumulated depreciation	<u>(63,209)</u>	<u>(3,605)</u>	<u>14,067</u>	<u>(52,747)</u>
Capital assets, net	<u>\$ 3,605</u>	<u>\$ (3,605)</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Balance</u> <u>1/1/03</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/03</u>
Computers, furniture and equipment	\$ 66,814	\$ -	\$ -	\$ 52,747
Accumulated depreciation	<u>(60,455)</u>	<u>(2,754)</u>	<u>-</u>	<u>(63,209)</u>
Capital assets, net	<u>\$ 6,359</u>	<u>\$ (2,754)</u>	<u>\$ -</u>	<u>\$ 3,605</u>

Decreases in 2004 represent the capital leases that expired in 2003 and 2004.

5. General Long-term Debt

Long-Term Debt activity during 2004 and 2003 involved these capital leases.

(1) On August 6, 2002 the Fund renewed an equipment lease subject to 24 payments at \$205.08 monthly, with an interest rate of 12.89%. This lease expired in October, 2004.

(2) During 2000, the Fund leased equipment subject to 36 payments of \$320.72 with an interest rate of 8.67%. This lease expired in September, 2003.

Interest expense for capital leases during 2004 and 2003 was \$116 and \$467, respectively.

Changes in Long-Term Debt. A summary of long-term debt activity is as follows:

	<u>Balance</u> <u>1/1/04</u>	<u>Current</u> <u>Additions</u>	<u>Current</u> <u>Retirements</u>	<u>Balance</u> <u>12/31/04</u>
Capital leases	<u>\$ 1,935</u>	<u>\$ -</u>	<u>\$ 1,935</u>	<u>\$ -</u>

	<u>Balance</u> <u>1/1/03</u>	<u>Current</u> <u>Additions</u>	<u>Current</u> <u>Retirements</u>	<u>Balance</u> <u>12/31/03</u>
Capital leases	<u>\$ 6,316</u>	<u>\$ -</u>	<u>\$ 4,381</u>	<u>\$ 1,935</u>

6. Commitments and Contingencies

Reimbursement payments may be subject to review and audit by the grantor agencies. No provision has been made in the financial statements for the reimbursement of any expenditure that may be disallowed as a result of such a review or audit.

Management has represented that there is no litigation pending against the Child Support Enforcement Fund at December 31, 2004 and 2003.

7. Joint Service Agreement

The Child Support Enforcement Fund entered into a contract with the Beauregard District Court System to establish and administer an expedited child support enforcement activity for that area. The Fund receives payment from Beauregard Parish for the child support payments made in that area. The State collects all child support payments and then sends the payments to the appropriate districts. The contract also states that the hearing officer will attend court several times a month in Beauregard in exchange for additional salary compensation. The total income for the joint service agreement was \$28,677 and \$27,205 for 2004 and 2003, respectively. This amount is included in 2004 and 2003 collection revenue with \$4,969 and \$2,590, respectively, reflected as a receivable in Due from Governmental Units.

14TH JUDICIAL DISTRICT COURT CHILD SUPPORT ENFORCEMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2004

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary (Non-GAAP) Basis
- Note to Required Supplementary Information - Budgetary Reporting

14TH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND BUDGET (NON-GAAP BASIS) AND ACTUAL
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Collection fees	\$ 320,400	\$ 360,600	\$ 368,716	\$ 8,116
Grant revenues	125,891	125,891	97,814	(28,077)
Interest income	<u>10,700</u>	<u>10,700</u>	<u>5,676</u>	<u>(5,024)</u>
Total revenues	<u>456,991</u>	<u>497,191</u>	<u>472,206</u>	<u>(24,985)</u>
Expenditures:				
Payroll	363,400	364,300	364,296	4
Office equipment (purchase)	10,000	7,500	-	7,500
Dues and subscriptions	2,000	2,100	2,999	(899)
Equipment rental (leases)	7,000	7,000	6,471	529
Miscellaneous	2,500	1,600	7,880	(6,280)
Office supplies	12,000	9,100	9,820	(720)
Postage and mailing	2,000	2,000	1,795	205
Printing and reproduction	4,000	500	289	211
Accounting and audit fees	6,000	4,000	3,600	400
Computer and equipment repair	6,500	4,500	6,243	(1,743)
Telephone	10,000	5,000	1,553	3,447
Travel and registration	5,000	5,000	5,179	(179)
Parking fees	3,000	2,800	2,772	28
Office furniture and fixtures	2,000	300	-	300
Access and visitation grant				
expenditures	<u>43,750</u>	<u>43,750</u>	<u>23,045</u>	<u>20,705</u>
Total expenditures	<u>479,150</u>	<u>459,450</u>	<u>435,942</u>	<u>23,508</u>
Excess (deficiency) of				
revenues over				
expenditures	(22,159)	37,741	36,264	(1,477)
Fund balance - beginning	<u>903,735</u>	<u>903,735</u>	<u>903,735</u>	<u>-</u>
Fund balance - ending	<u>\$ 881,576</u>	<u>\$ 941,476</u>	<u>\$ 939,999</u>	<u>\$ (1,477)</u>

The accompanying note is an integral part of this schedule.

14TH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING

The accompanying Budgetary Comparison Schedule presents comparisons of the adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basic, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2004 is presented below:

Excess of revenues and other financial resources over expenditures and other uses of financial resources (budgetary basis)	\$ 36,264
Adjustments:	
To adjust revenues for program and interest revenue accruals	5,820
To adjust expenditures for expense accruals and prepaid insurance	<u>10,908</u>
Excess of expenditures and other financial resources over revenues and other uses of financial resources (GAAP basis)	<u>\$ 52,992</u>

SUPPLEMENTAL INFORMATION

14TH JUDICIAL DISTRICT COURT
CHILD SUPPORT ENFORCEMENT FUND
LAKE CHARLES, LOUISIANA

SCHEDULE OF BUDGET BY FUNCTIONS/PROGRAMS BUDGETARY (NON-GAAP) BASIS
Year Ended December 31, 2004

	<u>Cash</u> <u>Basis</u>	<u>Collections</u> <u>Fees</u>	<u>Teen Court</u> <u>2004</u>	<u>Domestic</u> <u>Violence</u>	<u>Access &</u> <u>Visitation</u>	<u>Interest</u>
Income:						
Collection fees	\$ 368,716	\$ 368,716	\$ -	\$ -	\$ -	\$ -
Grant revenues	97,814	-	21,792	24,127	51,895	-
Interest income	<u>5,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,676</u>
Total income	<u>472,206</u>	<u>368,716</u>	<u>21,792</u>	<u>24,127</u>	<u>51,895</u>	<u>5,676</u>
Expenses:						
Travel	5,179	3,679	1,500	-	-	-
Office supplies	13,176	8,185	1,200	435	3,356	-
Office expense	6,267	5,067	1,200	-	-	-
Equipment rental	4,420	3,820	600	-	-	-
Audit fee	3,600	2,600	1,000	-	-	-
Professional fee	17,257	175	-	-	17,082	-
Reimbursement CPPJ salary	364,296	260,513	38,924	28,430	36,429	-
Telephone	1,553	1,553	-	-	-	-
Dues and subscriptions	2,999	1,685	-	1,314	-	-
Parking fees	2,772	2,772	-	-	-	-
Repairs	6,227	6,227	-	-	-	-
Postage/delivery	2,202	495	1,300	-	407	-
Printing	489	289	-	-	200	-
Computer program	2,016	16	-	-	2,000	-
Internet expense	724	724	-	-	-	-
Debt service	2,051	2,051	-	-	-	-
SES	522	522	-	-	-	-
Contract labor	<u>192</u>	<u>192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>435,942</u>	<u>300,565</u>	<u>45,724</u>	<u>30,179</u>	<u>59,474</u>	<u>-</u>
Excess (deficiency)						
budgetary basis	36,264	68,151	(23,932)	(6,052)	(7,579)	5,676
Budget - GAAP reconciliation:						
Adjust for revenue accruals						
(modified)	5,820	1,418	-	-	3,384	1,018
Adjust for expense accruals						
(modified)	<u>10,908</u>	<u>9,163</u>	<u>-</u>	<u>-</u>	<u>1,745</u>	<u>-</u>
Excess (deficiency)						
GAAP basis	<u>\$ 52,992</u>	<u>\$ 78,732</u>	<u>\$ (23,932)</u>	<u>\$ (6,052)</u>	<u>\$ (2,450)</u>	<u>\$ 6,694</u>

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800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Carl W. Comeaux, CPA
Gus W. Schram, III, CPA, CVA
Martin L. Chehotsky, CPA, CFE
Robert M. Gani, CPA, MT
Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
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Joe G. Peshoff, II, CPA, CVA



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Robert F. Cargile, CPA, Inactive
William A. Mancuso, CPA, Retired
Barbara Hutson Gonzales, CPA, Retired
Judson J. McCann, Jr., CPA, Retired

CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
14th Judicial District Court Child
Support Enforcement Fund
Lake Charles, Louisiana

We have audited the component unit financial statements of the 14th Judicial District Court Child Support Enforcement Fund as of and for the year ended December 31, 2004, and have issued our report thereon dated June 15, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Child Support Enforcement Fund's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance required to be reported under *Government Auditing Standards*. This is referenced as Item 2004-2 below. We also noted matters involving the internal control over financial reporting that we have reported to management of the 14th Judicial Child Support Enforcement Fund, in a separate letter dated June 15, 2005.

2004-2: Unfavorable Budget Variance in Excess of 5%.

Condition: Budgeted revenues exceeded actual revenues by more than 5%.

Criteria: LA Revised Statute 39:1310 requires budget amendments when total actual revenues and other sources fail to meet total budgeted revenues and other sources by five percent or more, and when total actual expenditures and other uses exceed total budgeted expenditures and other uses by five percent or more.

Effect: The budget variance exceeds the prescribed limit.

Recommendation: Necessary budgetary amendments should be made to comply with Louisiana's budget variance requirements.

Response: The unfavorable revenue variance is 0.29% in excess of the allowed 5% variance. Due to a year end change in the governor and some of the legislative body of Louisiana, the Fund experienced an unexpected delay in receipt of grant reimbursements for this fiscal year. Management fully expected grant revenues to be received in a timely manner. The Fund makes every effort to amend the budget as required and will continue to exercise diligence in its budget responsibilities.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Fund's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements. The reportable condition is described below as Item 2004-01. We also noted matters involving the internal control over financial reporting that we have reported to management of the 14th Judicial Child Support Enforcement Fund, in a separate letter dated June 15, 2005.

2004-01: Lack of Segregation of Duties

Condition: There is a lack of segregation of duties over financial activity.

Criteria: An effective internal control is dependent to a great extent on segregation of responsibilities for initiating, evaluating, and approving transactions from those for detail accounting and other related functions.

Effect: When internal control is limited by a lack of segregation of duties there is always a possibility that transactions could be processed that would negatively affect the entity.

Cause: Because of the entity's size, it is not feasible to segregate duties to achieve effective internal accounting control.

Recommendation: We do recommend that, whenever possible, management take an active interest in reviewing the monthly financial information.

Management's
Response: Management concurs with the above recommendation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above as 2004-01 is a material weakness.

This letter is intended solely for the information and use of the 14th Judicial District Court Child Support Enforcement Fund, management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

Ms. Elroy, Quirk & Burch
Lake Charles, Louisiana
June 15, 2005

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
Year Ended December 31, 2004

Section I Summary of Auditors' Reports/Results

- A. The type of report issued on the financial statements was an unqualified opinion.
- B. Report on Internal Control and Compliance Material to the Financial Statements
- Internal Control Material Weaknesses X Yes No
Internal Control Reportable Conditions X Yes No
- Compliance Material to Financial Statements X Yes No
- C. Federal Awards
- Not Applicable

Section II Financial Statement Findings

- A. Internal Control (2004-01) - See page 28 - Reportable condition and material weakness for Lack of Segregation of Duties reported directly on Report on Compliance and Internal Control over Financial Reporting.
- B. Budget Variance (2004-2) - See page 28 - Compliance finding for unfavorable budget variance. Budgeted revenues exceeded actual revenues by more than 5%.

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
December 31, 2004

Finding: Lack of Segregation of duties.

Status: Due to the entity's size, there is an ongoing lack of segregation of duties. Refer to current year item cited as 2004-01 on page 31.

Finding: Inadequate collateralization of deposits.

Status: Resolved during prior audit.

14TH JUDICIAL DISTRICT COURT CHILD
SUPPORT ENFORCEMENT FUND

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)
DECEMBER 31, 2003

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2004-01: Lack of Segregation of Duties.

Due to limited personnel and the small size of the entity, it is not feasible to segregate these duties. Management does perform a monthly overview of the accountability of the fund and will continue to do so.

2004-02: Budget Variance.

The unfavorable revenue variance is 0.29% in excess of the allowed 5% variance. Due to a year end change in the governor and some of the legislative body of Louisiana, the Fund experienced an unexpected delay in receipt of grant reimbursements for this fiscal year. Management fully expected grant revenues to be received in a timely manner. The Fund makes every effort to amend the budget as required and will continue to exercise diligence in its budget responsibilities

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable to the Fund.